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SUBJECT: SATELLITE GARMENT FACTORIES BEING ESTABLISHED TO  
INCREASE JORDANIAN EMPLOYMENT IN THE APPAREL INDUSTRY

REF: A. EMAIL FRANCESKI-BARON-COHEN-BROWN-PISANI 6/2/08  
[1](#)B. 07 AMMAN 4993

[1](#)1. (U) Summary: The Government of Jordan (GOJ) has started a pilot project with garment companies already established in the Qualifying Industrial Zones (QIZs) to build satellite factories with 100% Jordanian workforces outside the QIZs in rural areas of high female unemployment. The goal is to increase women's economic independence and employment in the apparel industry by bringing the factories to the workers. One company, Camel Textiles, has begun training 80 female Jordanian workers in the impoverished southern city of Shobaq in a center that will eventually be turned into a satellite factory. Although the USG has indicated to the GOJ that any factories participating in such a program should plan to export under the U.S.-Jordan Free Trade Agreement (FTA), the GOJ is interested in trying to secure QIZ designations for these satellite factories. Camel has indicated that it would no longer be able to participate in the project if the company could not ship its knit wear production under the QIZ arrangement. End Summary.

Lack of Local Labor Persists in QIZs  
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[1](#)2. (U) According to the Ministry of Labor, Jordan's QIZs employed 33,955 foreign workers and 12,206 Jordanians (4,520 males and 7,686 females), as of April 30, 2008. While the sector still represents one of the largest employers of domestic labor, there have been concerns that the number of Jordanians has decreased from the 15,175 recorded in June [1](#)2007. High turnover among Jordanians, particularly women who end up leaving work once they get married or become pregnant, has been cited as one problem. Companies and the GOJ have claimed that they have made significant recruitment efforts to augment the local workforce, but cultural issues have been difficult to overcome (ref B). Some families reportedly do not want their daughters or wives co-mingling with foreign workers or traveling long distances from their communities to the QIZs, particularly after work at night.

Pilot Project Underway to Employ More Jordanians in QIZs  
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[1](#)3. (U) To help overcome these issues, the GOJ and the private sector developed a pilot project to bring the factories to the local workers. Minister of Labor Bassem Salem told a visiting Government Accountability Office (GAO) team on May 26 that 20 areas of high female unemployment had been identified in Jordan as sites for satellite factories. He confirmed that the GOJ would provide certain incentives to companies already established in the QIZs to build these

auxiliary operations, such as investment in the infrastructure, allocation of free land, and subsidies for training of local employees. Salem hoped that at least six factories would be established by the end of 2008 that would employ 6,000-8,000 local workers. Interlocutors in the garment sector have welcomed this initiative, although a few have noted that it would be more difficult for factories with high-value production to move operations to another location because of the more sophisticated equipment and training required. Note: Most of Jordan's factories, however, still concentrate in low-end production. End Note.

¶4. (U) The Taiwanese Camel Textile International Corporation, which is based in the Karak QIZ in central Jordan, began training 80 female workers in March 2008 further south in rural Shobaq. Camel's Amman Office Manager Bassam Ali Mahadin told Econoff on June 5 that many of the new recruits from the area had previously been unemployed for the last 10-14 years, and the project had become a matter of social responsibility for his company. Mahadin noted that the King Abdullah Fund for Development provided the training center, which would eventually be turned into the factory, and Camel contributed the equipment, materials, and trainers. He added that the GOJ was subsidizing the salaries and local transport of these workers during the training period.

#### Need for QIZ Designations of Satellite Factories -----

¶5. (U) Mahadin said that the newly trained Jordanian workforce would be ready to produce garments within the next three months. When asked whether these garments would be shipped under the FTA, he said that the factory planned to

ship under the QIZ because his garments were primarily knit wear that would still be subject to tariffs under the FTA until 2010. If the satellite factory did not receive QIZ approval, Mahadin thought that the company would no longer be able to participate in the initiative.

¶6. (SBU) Comment: Encouraging employment, especially for women, is a Mission priority. We believe that that USG should support this home-grown initiative, particularly during a period of skyrocketing costs and high inflation that will be damaging to Jordan. Although post has encouraged any newly established satellite factories to ship under the FTA given the challenges of gaining Hill support for additional QIZ designations at this time, the GOJ aims to revisit the idea of acquiring QIZ designations for these factories during a July 2008 trip to Washington in coordination with the Israeli government (ref A). Post would support such designations, even if temporary until 2010 when tariffs are eliminated under the FTA. The satellite factory concept is most needed for the garment sector, which is Jordan's largest exporting industry to the U.S. Contrary to other higher-tech Jordanian industries which have fewer problems finding high-skilled Jordanian employees, the apparel sector has suffered from a lack of lower-skilled local labor that threatens further growth and has been looking for ways to replace foreign workers with domestic employees. If even 10,000 local workers are employed through this initiative, it would give a boost to the garment sector and local employment, and further provide economic independence to women who would otherwise remain unemployed.

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